

Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 06302 01 OF 02 121710Z

ACTION EB-08

INFO OCT-01 EUR-12 EA-07 ISO-00 SS-15 SP-02 L-03

NSC-05 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

INR-07 NSAE-00 FAA-00 PA-01 PRS-01 USIA-06 AID-05

FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01

OMB-01 /089 W

-----121755Z 039388 /53

R 121652Z APR 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7315

INFO AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL BREMEN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 06302

E.O. 11652: N/A

TAGS: EAIR, GW, UK, FR, US

SUBJECT: AEROSPACE: BOEING COOPERATION WITH EUROPEAN
AEROSPACE INDUSTRY

REF: A. 76 BONN 20366, B. BONN 5916

SUMMARY: BOEING CENTRAL EUROPEAN REPRESENTATIVE
HILLINGA DISCUSSED THE STATUS OF PROSPECTIVE
COOPERATIVE PRODUCTION WITH EUROPEAN AEROSPACE FIRMS
OF THE BOEING 7N7. BOEING IS EAGER TO GO AHEAD WITH
THE PROJECT AND IS SOMEWHAT IMPATIENT AT FRG GOVERN-
MENT HESITANCY. BY CONTRAST, THE UK SEEMS TO BE
MAKING MAXIMUM EFFORT TO EVALUATE THE PROJECT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 06302 01 OF 02 121710Z

RAPIDLY WHILE RETAINING THE OPTION OF REJECTING IT IN
FAVOR OF THE BAC X-11. BOEING WOULD LIKE TO HAVE
EUROPEAN PARTICIPATION BUT IS QUITE PREPARED TO GO
IT ALONE IF EUROPEANS TOO DEMANDING. THE 7X7 PROJECT
NOW IS ON A BACK BURNER, AND THE 7N7 HAS TOP PRIORITY,
EVEN THOUGH IN LONG TERM THE 7X7 IS SEEN AS BY FAR
THE MORE LUCRATIVE PROJECT. HILLINGA BELIEVES THAT

IT IS CERTAIN THAT AIRBUS CONSORTIUM WILL GO AHEAD WITH THE B-10. BOEING MIGHT BRING OUT RE-ENGINEED VERSION OF THE B-707 FOR LONG RANGE, LOW DENSITY ROUTES. END SUMMARY.

1. BOEING CIVIL AIRCRAFT REPRESENTATIVE FOR CENTRAL EUROPE RUDY HILLINGA ON APRIL 5 DISCUSSED STATUS OF POSSIBLE COOPERATIVE CIVIL AIRLINER PROJECTS WITH EMBOFF. HILLINGA CONFIRMED THAT 7N7 JOINT PRODUCTION WITH GERMAN AND FRENCH FIRMS WAS AGAIN A LIVE POSSIBILITY. HOWEVER, HE WAS CRITICAL OF WHAT BOEING CONSIDERS UNDUE HESITATION ON THE PART OF THE GERMAN GOVERNMENT TO MAKE A COMMITMENT TO THE PROJECT. HILLINGA THINKS THE FRG CONCERN OVER FRENCH SENSITIVITY IS OVERDONE THOUGH HE DOES NOT QUESTION ITS SINCERITY. HE POINTED OUT THAT THE 7N7 IS IN NO WAY A COMPETITOR TO THE AIRBUS B-10. BOEING WILL SOON HAVE TO MAKE A DECISION ON HOW IT WILL PRODUCE THE 7N7 AND IS GETTING IMPATIENT WITH FRG FAILURE TO MAKE OR REJECT A COMMITMENT. HILLINGA CONFIRMED THE REPORT (REF B) THAT BOEING WOULD NOT APPROACH THE FRENCH AGAIN ON THE 7N7 BUT WOULD TALK TO THEM IF THE FRENCH APPROACHED BOEING.

2. HILLINGA SAID THAT BOEING HAD MADE PLAIN TO THE GOVERNMENT THAT IT DID NOT DEPEND ON EUROPEAN COOPERATION.

3. UNLIKE THE SITUATION A FEW YEARS AGO, BOEING NO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 06302 01 OF 02 121710Z

LONGER NEEDS EUROPEANS FINANCIAL SUPPORT. THE ONLY ADVANTAGE TO COOPERATION FOR BOEING IS THAT IT ENHANCES MARKET ACCESS. THE EUROPEANS STILL SEEM TO BELIEVE THAT BOEING NEEDS THEIR CAPITAL AND THAT THEY CAN BARGAIN ON THAT BASIS, BUT THEY ARE WRONG.

4. THE WORSE THAT CAN HAPPEN IF BOEING TAKES ON THE PROJECT ENTIRELY IS THAT PERHAPS HALF OF THE EUROPEAN MARKET FOR SHORT TO MEDIUM RANGE AIRCRAFT WILL BE CLOSED TO BOEING. THIS WOULD MEAN APPROXIMATELY TWELVE PERCENT OF THE WORLD MARKET. THE MARKET FOR LONG RANGE AIRCRAFT WOULD BE UNAFFECTED BECAUSE EUROPEAN INDUSTRY PRODUCES NO LONG RANGE AIRCRAFT. THE TWELVE PERCENT IS STILL SIGNIFICANT AND BOEING WOULD THEREFORE LIKE TO PRODUCE THE 7N7 JOINTLY WITH EUROPEANS BUT "NOT AT ANY COST."

5. IN CONTRAST TO THE GERMAN GOVERNMENT (GERMAN INDUSTRY SEEMS EAGER TO GO AHEAD WITH THE PROJECT),

THE UK IS SHOWING AN ENCOURAGING ENTHUSIASM FOR THE 7N7. THERE IS STILL NO COMMITMENT, AND THE BAC X-11 REMAINS A POSSIBLE ALTERNATIVE, BUT THE BRITISH ARE DEVOTING A LOT OF TIME AND PERSONNEL TO STUDYING THE 7N7. THERE ARE 60 MEN WORKING FULL TIME ON EVALU-

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BONN 06302 02 OF 02 121713Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-07 ISO-00 SS-15 SP-02 L-03
NSC-05 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00
INR-07 NSAE-00 FAA-00 PA-01 PRS-01 USIA-06 AID-05
FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01
OMB-01 /089 W
-----121755Z 039475 /53

R 121652Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7316
INFO AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL BREMEN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMEMBASSY ROME
AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 06302

ATING THE PROJECT, HILLINGA SAID. A BRITISH TEAM IS CURRENTLY AT BOEINGS SEATTLE PLANT FOR DISCUSSIONS AND STUDY.

6. BOEING IS NOW THINKING OF ADDING A 120 SEAT VERSION OF THE 7N7, HILLINGA SAID, TO MAKE IT MORE ATTRACTIVE TO EUROPEAN OPERATORS. MANY ROUTES NOW SERVED BY BOEING 737'S OR DC-9'S, HE SAID, DO NOT HAVE ENOUGH IN PASSENGER VOLUME TO SUPPORT THE 160-180 SEAT VERSION OF THE 7N7 ALREADY PLANNED.

7. THERE HAVE BEEN GREAT CHANGES IN THE SITUATION IN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 06302 02 OF 02 121713Z

THE PAST FEW MONTHS FROM BOEING'S POINT OF VIEW, AND, AS A RESULT, THE COMPANY IS NOW ANXIOUS TO GET ON WITH THE 7N7 WHILE THE 7X7 IS COMPARATIVELY ON A BACK BURNER. ONE REASON IS THE SURPRISINGLY HIGH NUMBER OF ORDERS IN RECENT MONTHS FOR THE BOEING 727, THE AIRCRAFT WHICH THE 7X7 IS SUPPOSED TO REPLACE. ANOTHER IS THE DIFFICULTY OF FIXING ON A DESIGN. AMERICAN AIRLINES AND SOME OTHER US CARRIERS ARE INSISTING ON A TRI-JET WITH TRANS-CONTINENTAL RANGE. MANY IN BOEING CONSIDER THIS A DISASTROUS MISTAKE BECAUSE ONLY A SMALL PERCENTAGE OF THE ROUTES FOR WHICH THE 7X7 WOULD BE DESIGNED NEED THE LONG RANGE AND THE ADDITIONAL WEIGHT AND ENGINE WOULD MAKE THE AIRCRAFT MUCH LESS ECONOMICAL FOR THE MAJORITY OF ITS POTENTIAL ROUTES THAN A SHORTER RANGE TWIN JET WOULD BE. IT WOULD, IN FACT LEAVE A BIG HOLE FOR THE AIRBUS B-10 AND SIMILAR SIZED TWIN JETS. DESPITE ITS PRESENT UNCERTAINTY, HOWEVER, THE 7X7 REMAINS BY FAR THE MORE IMPORTANT PROJECT WITH A CONSIDERABLY GREATER MARKET POTENTIAL THAN THE 7N7.

8. HILLINGA BELIEVES THAT AIRBUS INDUSTRIE WILL GO AHEAD WITH THE B-10. HE BELIEVES THAT IT WILL BE FORCED TO IN ORDER TO AVOID A HUGE LOSS ON THE ENTIRE AIRBUS PROGRAM. THE B-10 IS, MOREOVER, A GOOD CONCEPT AND THE LOGICAL NEXT STEP FOR AIRBUS INDUSTRIE. THE LOSS OF THE WESTERN AIRLINES ORDER WAS FOR PRACTICAL PURPOSES THE DEATH KNELL OF THE A-300, HILLINGA BELIEVES. HE SAID THE REAL REASON WESTERN DECIDED NOT TO BUY THE A-300 IS THAT IT IS NOW A FIVE YEAR OLD DESIGN AND BY THE TIME A REAL NEED FOR AN AIRCRAFT OF THAT SIZE DEVELOPS, THERE WILL BE MUCH MORE TECHNICALLY ADVANCED AIRCRAFT ON THE MARKET. IF WESTERN BUYS THE A-300 NOW IT WILL BE AT A SERIOUS COMPETITIVE DISADVANTAGE IN THE NEAR FUTURE. THUS, ITS REJECTION

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 06302 02 OF 02 121713Z

OF THE A-300, EVEN THOUGH IT IS A GOOD AIRCRAFT AND THE TERMS OFFERED WERE EXTREMELY FAVORABLE, WAS A WISE ONE.

9. ANOTHER DEVELOPMENT THAT MIGHT FURTHER CHANGE THE OUTLOOK FOR NEW AIRCRAFT PROJECTS, HILLINGA SAID, IS A CURRENT TESTING PROGRAM AT BOEING OF THE 707 WITH NEW GENERAL ELECTRIC ENGINES THAT COULD MAKE THE 707 ACCEPTABLY QUIET AND FUEL EFFICIENT. IF SUCCESSFUL, THIS AIRCRAFT WOULD BE SUITABLE FOR MANY LONG RANGE BUT RELATIVELY LOW DENSITY MARKETS. IT WOULD BE MORE SUITABLE AND MUCH LESS EXPENSIVE THAN THE NEAREST ALTERNATIVES TO REPLACE PRESENT 707'S AND DC-8'S, THAT IS THE DC-10 AND THE LOCKHEED TRI-STAR. HILLINGA SAID LUFTHANSA WAS AMONG THE OPERATORS WHO HAD EXPRESSED A STRONG INTEREST IN THIS ALTERNATIVE. STOESEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AEROSPACE INDUSTRY, CIVIL AVIATION, INTERGOVERNMENTAL COOPERATION, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN06302
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770126-0974
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770467/aaaacghn.tel
Line Count: 237
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b351bda6-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BONN 20366, 77 BONN 5916
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2836692
Secure: OPEN
Status: NATIVE
Subject: AEROSPACE: BOEING COOPERATION WITH EUROPEAN AEROSPACE INDUSTRY
TAGS: EAIR, GE, UK, FR, US, BOEING, (HILLINGA, RUDY)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/b351bda6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009